

FISCAL IMPACT STATEMENT ON BILL NO. **S.4**

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TO:	The Honorable John E. Courson, Chairman, Senate Education Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Harry Bell, Kate Billing, Bryce Wilson		
DATE:	February 22, 2005	SBD:	2005201

AUTHOR:	Senator Leatherman	PRIMARY CODE CITE:	59-59-10
SUBJECT:	South Carolina Education and Economic Development Act		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

Senate Bill 4 would enact the South Carolina Education and Economic Development Act. An Education and Economic Development Project Office would be established within the Department of Education to oversee implementation of the requirements of this Bill.

EXPLANATION OF IMPACT:

There is a fiscal impact associated with numerous sections of this Bill. A synopsis of the impact associated with each section is summarized as follows.

Section 59-59-20 – Annual costs include the need for 160 educators to spend four days during the summer developing, modifying and continuously revising the required curriculum for the sixteen individual clusters. Compensation is estimated at \$150 per day and the State Department of Education (SDE) anticipates 16 regional workshops at \$2,000 per session for incidental costs. Statewide printing, supplies and materials costs are estimated at \$75,000 for the first two years, while travel costs and other expenses are estimated at \$47,000. Statewide printing, supplies and materials costs are estimated at \$25,000 a year for years three and four. Realignment of the curriculum should be completed by June 2009.

Section 59-59-30 – It is anticipated the Education and Economic Development Office would consist of one Director and four professional positions. Total annual salary and fringe are estimated at \$445,000. Other operating expenses are estimated at \$55,000. Total annual impact associated with this section is estimated at \$500,000. The project office would discontinue operation by the end of June 2012.

Section 59-59-40 – SDE anticipates it will have eleven pilot projects implementing the cluster of study system during FY 2004-05 through FY 2005-06. At \$150,000 per school for consultation fees, printing and materials the total impact is estimated at \$1,650,000. However, SDE indicates Workforce Investment Act funds will be available to fund this initiative for at least the first two years of implementation.

Section 59-59-50 (A) - Cost includes the need for 20 educators to spend two days during the summer developing and modifying the framework for individual graduation plans. In addition, 64 educators would spend two days developing and modifying the curriculum framework for career clusters of study. Compensation is estimated at \$150 per day. SDE estimates annual printing, travel and incidental costs at \$50,000. Total costs can be estimated at \$75,200, which would be incurred during the first year only.

Section 59-59-60 (3) – Providing access to the Occupational Information System for all 437 schools is estimated to cost \$327,750 annually (\$750 per school). This includes funding for 343 schools that already access the system.

Section 59-59-70 – SDE anticipates providing training to 150 Career Development Facilitators a year. Training and other educational costs are estimated at \$2,500 per individual. Total annual cost is estimated at \$375,000 for this initiative that begins on FY 2006-07.

Section 59-59-90 – Providing career assessments beginning in FY 2006-07 to 160,000 middle school (grades 6, 7 & 8) students at \$2.50 per student would cost \$400,000, which includes the cost of the assessment materials. Further, this section states that eight graders must select a preferred cluster of study and develop an individual graduation plan. Therefore, it is assumed career assessments would be provided to all students in the eighth grader in FY 2007-08 and annually thereafter. Total annual cost for providing career assessments after FY 2006-07 is estimated at \$135,000 based on this assumption.

Section 59-59-100 – An additional 430 Career Specialists are needed to achieve the ratio of 300:1 as required by this section by FY 2010-11. SDE anticipates a need for an additional 143 counselors a year for three years starting in FY 2005-06. Salary and fringe are estimated at \$45,000 per career specialist. First year costs are estimated at \$6,450,000. At full implementation the total cost is estimated at \$19,350,000. The Commission on Higher Education (CHE) anticipates additional adjunct faculty costs at the universities estimated at \$150,000 (which could be covered with State funds and/or tuition and fee revenue).

Section 59-59-120 - Fifty high schools have the “High Schools that Work” organizational model in place. SDE anticipates implementing this model in the remaining 160 high schools starting in FY 2005-06. The cost per high school is estimated at \$10,000. Therefore, total cost of implementation for this part is \$2,100,000 annually. FY 2004-05 funding the “High Schools that Work” organizational model is derived from Education Lottery revenue.

Section 59-59-150 (B) – SDE anticipates implementing model programs in twenty-four sites the first year, and twelve additional sites each year thereafter, until all sixty anticipated sites (mostly Career Centers) are covered by FY 2007-08. At \$21,000 a year per site for travel, incidental costs and core curriculum development, revision and continuous modification the first year cost can be estimated at \$504,000. Cost at full implementation for all sixty anticipated sites is \$1,260,000.

Section 59-59-170 – Annual operating expenses for the Education and Economic Development Council are estimated at \$30,000, which includes travel, meeting facilities, printing, supplies and postage. The Council would be dissolved after FY 2011-12.

Section 59-59-170 (B) (6) – Cost associated with implementing a communication and marketing plan are estimated at \$500,000. This includes \$320,000 for contractual services, public awareness campaigns and promotional materials; \$150,000 for printing; and \$30,000 for travel. This estimate assumes SDE would implement the recommendations of the Coordinating Council. Annual cost for years three and four are estimated at \$250,000.

Section 59-59-180 (A) – Personal service and related expenses for each of the twelve regional education service centers is estimated at \$100,000. These centers are to be operational by June 2006. Total impact for all 12 centers is \$1,200,000. The impact on the Colleges and Universities depends on how many participate in the creation and coordination of workforce education programs. CHE estimates the impact at \$60,000 per institution for staff time, travel and resources.

Section 59-59-180 (C) – Career development facilitator cost is included in section 59-59-100 estimates above.

Section 59-59-190 - The Employment Security Commission indicates that the South Carolina Occupational Information System (SCOIC) program would need to be expanded to ninety-four new schools, assuming all schools chose to take advantage of the program rather than take the option of providing an alternative program approved by SDE. The Commission indicates that licensing for the software necessary to operate the program would cost \$400 per site, resulting in new software licensing costs of \$37,600 (\$400 x 94 sites) annually. Ongoing support for these programs in the form of travel and coordination would cost approximately \$15,000 annually. New user training and manuals would need to be provided to these new schools on an annual basis to operate the program at a cost of approximately \$18,800. Total recurring annual cost can be estimated at \$71,400. These costs would be offset by collection of user fees in the amount of \$750 per school per year, for a total of \$70,500 annually (\$750 per school x 94 new schools). In addition, CHE indicates a need for additional support staff estimated at \$45,000 to provide assistance to SDE in planning and promoting career information and employment options.

Section 59-59-200 – SDE anticipates the need for a series of 20 meetings a year to develop, monitor and continuously revise the performance-based standards required by this section. Meeting, travel, and incidental expenses are estimated at \$50,000.

Training expenses (including workshops, seminars, etc.) associated with programs in contextual teaching is estimated at \$150,000 annually. CHE anticipates the colleges and universities would need to provide release time for a full-time faculty in order to redesign elements of the teacher education programs during the first year of implementation. To do so may require these institutions to hire adjunct faculty to assist with, or cover the existing teaching loads. At \$30,000 per adjunct faculty for 12 institutions the total cost can be estimated at \$360,000. In addition, CHE estimates \$22,000 in recurring costs related to its collaborative efforts with SDE in implementing this section.

Section 59-59-210 – In order to develop articulation agreements SDE and CHE anticipate the need to conduct a series of meetings during the first two years of implementation involving school districts, higher education and other officials. Meeting, travel, printing, postage, supplies and materials expenses are estimated at \$155,000 a year.

Section 59-59-220 – Appropriate textbooks, instructional, training and research materials related to the clusters of study system are estimated at \$600,000 the first year, \$400,000 the second year, and \$200,000 annually thereafter. One-time instructional material development cost is included in the first and second year estimates.

State Board for Technical and Comprehensive Education (SBTCE)

SBTCE has indicated that the fiscal impact resulting from enactment of this Bill would be minimal and could be absorbed within existing resources.

Recapitulation

The impact on the General Fund of the State is at the General Assembly's discretion. This initiative could be funded with State General Funds, Education Improvement Act funds and/or a combination of these funds and local school district funds. Costs incurred by state colleges and universities could be funded with State General Funds and/or tuition and fee revenue. Costs should decrease after FY 2011-12 when the Economic Development Project Office and the Education and Economic Development Coordinating Council are abolished.

Estimated costs for the Education and Economic Development Act through FY 2011-12 are summarized on the attached schedule. It should be noted that the need for \$4.0 million of existing Tech Prep School-to-Work funds would slowly be phased out during implementation. These funds could then be diverted to support the requirements of this Bill.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:

A handwritten signature in black ink, appearing to read "Don Addy", is written over a horizontal line.

Don Addy
Assistant Director, Office of State Budget

Education and Economic Development Act

Estimated Implementation Costs

<u>TITLE 59 CHAPTER 59</u>		<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
20 - Career Clusters		250,000	250,000	200,000	200,000	-	-	-
30 - Education & Economic Development Project Office		500,000	500,000	500,000	500,000	500,000	500,000	500,000
40 - Pilot Projects - Career Clusters	(1)	-	-	-	-	-	-	-
50 (A) - IGP & Curriculum Framework Models		75,200	-	-	-	-	-	-
60 (2) - SCOIS Access - SDE / District Cost	(2)	327,750	327,750	327,750	327,750	327,750	327,750	327,750
70 - Professional Development Plans		-	375,000	375,000	375,000	375,000	375,000	375,000
90 - Career Assessments		-	400,000	135,000	135,000	135,000	135,000	135,000
100 - Career Specialists Ratio 300:1	(3)	-	6,600,000	13,050,000	19,500,000	19,500,000	19,500,000	19,500,000
120 - "High Schools That Work"		2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
150 - Model Programs for At-Risk Students		504,000	756,000	1,008,000	1,260,000	1,260,000	1,260,000	1,260,000
170 - Education & Economic Development Coordinating Council		30,000	30,000	30,000	30,000	30,000	30,000	30,000
170 (B) (6) - Communication & Marketing Plan	(4)	500,000	500,000	250,000	250,000	-	-	-
180 (A) - Regional Centers Coordination & Facilitation		1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
190 - SCOIS - Employment Security Commission Cost	(5)	45,900	45,900	45,900	45,900	45,900	45,900	45,900
200 - Reforming of Degree Requirements	(6)	582,000	222,000	222,000	222,000	222,000	222,000	222,000
210 (A) - Statewide Articulation Agreements (SDE & CHE)		155,000	155,000	-	-	-	-	-
220 - Clusters of Study Instructional Materials		600,000	400,000	200,000	200,000	200,000	200,000	200,000
Fiscal Year Total	(7)	\$6,869,850	\$13,861,650	\$19,643,650	\$26,345,650	\$25,895,650	\$25,895,650	\$25,895,650
Annual Incremental Increase		-	\$6,991,800	\$5,782,000	\$6,702,000	(\$450,000)	\$0	\$0
Total FTEs Required		(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)

Notes:

(1) Funded with existing Workforce Investment Act (WIA) funds during FY 2004-05 and FY 2005-06.

(2) 343 existing Middle & High Schools already access SCOIS. This estimate reflects that annual cost for all 437 schools to maintain access to SCOIS.

(3) Includes \$150,000 for adjunct staff at the colleges and universities. This could be covered with State funds and/or tuition & fee revenue

(4) Assumes implementation of communication and marketing plan as recommended by Education and Economic Development Coordinating Council.

(5) Reflects net cost to Employment Security Commission and Commission on Higher Education.

(6) Includes adjunct staff at Colleges and Universities during FY 2005-06 only.

(7) \$4.0 million of Tech Prep School-to-Work EIA appropriations would be available by FY 2009-10 to offset implementation cost.